



## KHADI AND VILLAGE INDUSTRIES COMMISSION- PHYSICAL PERFORMANCE

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### ABSTRACT

Our Indian economy is featured with large scale unemployment and poverty. Village and Small Scale Industries play a significant role in the country by providing employment opportunities in rural areas with less amount of capital. Other aspects, which weigh in favour of this sector, are its capacity to attract small savings to productive channels, short gestation period, and its adaptability to rural and semi urban environment where infrastructure may not be fully developed. Khadi and village industries play a noteworthy place in Indian economy. Khadi and Village Industries Commission play a creditable part in promoting improved technology in Khadi and Village Industries and helping artisans in various industries to derive higher incomes (VadilalDagli, 1976). Thus, this paper focuses on the various aspects of MSME, KVIC and its performance during the recent years.

### KEYWORDS

CSP, KVIC, M/o MSME, MSME

### INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and driving sector of the Indian economy. This sector not only play crucial role in providing huge employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSME contributes enormously to the socio-economic development of the country and are complementary to large industries as ancillary units.

The primary responsibility for the development and promotion of MSMEs lies with the respective state Governments. However, the Government of India provides support to the State governments through various initiatives. The role of the M/o MSME and its organisations is to assist the states in their efforts to encourage entrepreneurship, employment and Introducing livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario.

The Micro, Small and Medium Enterprises Development (MSMED) Act which was notified in 2006 to address policy issues that affects MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises and enhance their competitiveness. It provides the first-ever legal framework when the concept of "enterprise", got recognition, which includes both manufacturing and service entities. Medium Enterprises, was defined for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. Constituting specific funds for their promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises, are some of the other features of the MSMED Act.

The definition of MSMEs in India is made on the basis of their investment in Plant & Machinery and equipments under the MSMED Act, 2006. The present investment limit for MSMEs is as under:

#### For Manufacturing Enterprises

(i) Micro enterprise: Entities having investment in plant and

machinery upto Rs. 25 lakh

(ii) Small enterprise: Entities having investment in plant and machinery from Rs. 25 lakh to Rs. 5 crore.

(iii) Medium enterprise: Entities having investment in plant and machinery from Rs. 5 crore to Rs. 10 crore

#### For Service Enterprises

(i) Micro enterprise: Entities having investment in equipment upto Rs. 10 lakh.

(ii) Small enterprise: Entities having investment in equipments from Rs. 10 lakh to Rs. 2 crore.

(iii) Medium enterprise: Entities having investment in equipments from Rs. 2 crore to Rs. 5 crore.

Vision of M/o MSME is a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, by providing support to existing enterprises and encouraging creation of new enterprises.

### KHADI AND VILLAGE INDUSTRIES

Just imagine a cloth 15 meters long, passing through an ordinary finger ring and weighing merely 10 Gms per sq.mt. Sounds like Fantasy? Actually it is a stark reality. We are referring to the handspun, hand-woven cloth- Muslin made by thousands of skilled artisans of rural India known as "Khadi".

Khadi is the proud legacy of our national freedom movement and the Father of the nation, Mahatma Gandhi. Khadi and Village Industries (KVI) are the two national inheritance of India. One of the most noteworthy aspects of KVI in Indian economy is that it creates employment at a very low per capita investment. The KVI Sector does not only provides the basic needs of processed goods of the vast rural sector of the country, but also cater /supply sustainable employment to rural artisans. KVI today represent an exquisite, heritage product, which is ethnic as well as ethical. The sector has potentially the strong clientele among the middle and upper echelons of the society.

#### Khadi

Khadi is a hand spun and hand woven cloth made in India from cotton, silk and woolen yarn. Started with the spinning in Takli, 2 spindle new model charkha, 4 spindle, 6 spindle, 8 spindle, 10 spindle and 12 spindle new model charkhas have been introduced in spinning of Khadi yarn. Likewise a number of handlooms

including Wardha loom, Gram Laxmi loom, and Pit loom are in operation in weaving Khadi cloth.

### Village Industries

The Village Industries can be classified into seven broad groups. These are: Mineral based industry, Forest based industry, Food and agro based industry, Polymer and Chemical based industry, Rural Engineering and NonConventional Energy based industry, Textile industry and Service industry. Industries like Hand Made Paper (HMP) and Fibre which comes under Forest Based Industry is considered as a separate group recently by the Khadi and Village Industries Commission.

### Khadi and Village Industries Commission (KVIC)

The Khadi and village industries commission (KVIC) is a statutory body established by an act of parliament (no. 61 of 1956, as amended by act no. 12 of 1987 and act no.10 of 2006). In April 1957, it took over the work of former all India Khadi and village industries board.

### BACKGROUND

Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization under the aegis of the Ministry of MSME, engaged in promoting and developing Khadi and Village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. KVIC has been identified as one of the major organisations in the decentralised sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. In this way, this in turn also helps in checking migration of rural population to urban areas in search of the employment opportunities. It undertakes activities like skill improvement; transfer of technology; research & development; marketing etc. and helps in generating employment/ self-employment opportunities in rural areas.

### BUDGETARY SUPPORT TO KVIC

Government of India through the Ministry of Micro, Small and Medium Enterprises (M/oMSME) provides funds to KVIC for undertaking various activities under Plan and Non-Plan heads. Primarily, these funds are provided by way of grants and loans to KVIC and which in turn re-allocates them to its implementing agencies, namely the State KVIBs; institutions registered under the Societies Registration Act, 1860 and cooperative societies registered under the Cooperative Acts of the State Governments; implementing banks, District Industries Centres, etc. The Commission's administrative expenditure including pension payments is met out of Nonplan Government budgetary support. The details of funds provided from budgetary sources (both under Plan and Non-Plan head) during the last two years and in the Budget Estimate 2015-16 are given in the following Table:

TABLE 1: BUDGETARY SUPPORT TO KVIC (₹ CRORES)

YEAR	ALLOCATION (RE)	FUNDS RELEASED		
		NON- PLAN	PLAN	NON -PLAN
2013-14	1395.67	219.28	1204.88	218.23
2014-15	1445.56	229.09	1381.09	227.31
2015-16*(BE)	1398.22	229.09	1085.51	202.21

\*upto 31<sup>st</sup> January 2016

The above table is providing the details of budgetary support provided to KVIC by the government of India. Almost the funds allocated have been released to the commission. However, funds allotted in 2015-16 are less than that of 2014-15 which is not done. More funds should be allotted in this area for their development in non planned

### PHYSICAL PERFORMANCE

The physical performance of KVI sector in respect of production, sales and employment during the last three years and in 2015-16 is shown in the following Table:

TABLE 2: PERFORMANCE OF KVI SECTOR

YEAR	PRODUCTION (value in ₹ crore)		SALES (value in ₹ crore)		CUMULATIVE EMPLOYMENT (in lakhs person)	
	KHADI	V I	KHADI	V I	KHADI	V I
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012-13	761.93	23262.31	1021.56	26818.13	10.71	114.05
2013-14	811.08	25298.00	1081.04	30073.16	10.98	119.40
2014-15	879.98	26689.39	1170.38	31965.52	11.06	123.19
2015-16*	903.25	26964.80	1218.04	36424.20	11.06	143.78

\*upto 31<sup>st</sup> January 2016.

Source: Annual Report 2015-16, MSME

VI: Village Industries

TABLE 3: ANALYSIS OF TABLE 2

YEAR	PRODUCTION (value in ₹ crore)		SALES (value in ₹ crore)		CUMULATIVE EMPLOYMENT (in lakhs person)	
	KHADI	V I	KHADI	V I	KHADI	V I
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2013-14	6.45	8.75	5.82	12.13	2.52	4.69
2014-15	8.49	5.5	8.26	6.29	0.72	3.17
2015-16*	2.64	1.03	4.07	13.94	0	16.71

### ANALYSIS OF THE TABLE

The above tables depict that the total KVI production during 2015-16 (upto 31st January 2016) is estimated at 27868.05 crore (Khadi 903.25 crore and V.I. 26964.80 crore) as against 27569.37 crore (Khadi 879.98 crore and V.I. 26689.39 crore) in corresponding period of 2014-15 reporting a drastic fall in terms of percentage from 8.49 to 2.64 in khadi industry and from 5.5 to 1.03% in village industry. Hence it can be analyzed that both the industries are not going good in increasing the production as compared to the previous years. Similarly, estimated sales of KVI products are 37642.24 crore (Khadi 1218.04 crore and V.I. 36424.20 crore) in 2015-16 (up to 31st January 2016) as against 33135.90 crore (Khadi 1170.38 crore and V.I. 31965.52 crore) in corresponding period to the previous year displaying a fall of 4.19 percent in khadi industry whereas village industry is accounting an increase of 7.65, a huge growth. The total cumulative employment in the KVI sector is estimated to have also increased to 154.84 lakh persons (11.06 lakh in Khadi and 143.78 lakh in V.I.) in 2015-16 (upto 31st January 2016) as against 134.25 lakh persons (11.06 lakh in Khadi and 123.19 lakh in V.I.) in corresponding period of the previous year. However this increase is only in village industry, no change has been reported in khadi industry.

### Conclusion

Khadi and village industries both are the heritage of our national freedom providing a huge employment to the rural population. This area, thus, needs a proper attention on the part of government as it serves most of the population. However our analysis has reported a setback which it really shouldn't be. A serious fall in the capacity of khadi industry is quite disheartening. Village industry is somehow accounting an increment in sales and employment figures which shows that this sector has very much potential. Thus a core consciousness is required on the part of government to give them a helping hand. A dominant problem in India is the legitimate implementation of the schemes which must be addressed first. More budgetary support should be provided to it for it would help in economic development of the whole nation.

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